

**Attachment to Resolution No.13
of the Board of Directors dated
March 25, 2024**

**RULES FOR DETERMINING AND ENFORCING COPPER CONCENTRATE
TRADING CONTRACT STANDARDS**

RULES FOR DETERMINING AND ENFORCING COPPER CONCENTRATE TRADING CONTRACT STANDARDS

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Attachment 1

RULES FOR DETERMINING AND ENFORCING COPPER CONCENTRATE TRADING CONTRACT STANDARDS

ONE. GENERAL PROVISIONS

- 1.1 The purpose of these rules is to regulate matters concerning establishing the standards of copper concentrate /hereinafter referred to as the "product"/ contracts to be traded through the "Mongolian Stock Exchange" /hereinafter referred to as the "Exchange"/ monitoring its implementation, and organizing quality control.
- 1.2 The operations stipulated in these rules shall be implemented within the scope of the Law on Mining Products Exchange, the Law on Securities Market, and other related laws, regulations, and instructions adopted by the Financial Regulatory Commission /hereinafter referred to as "Commission"/ and the Exchange, as well as other decisions issued in accordance therewith.
- 1.3 These rules shall be adhered to by customers of the Exchange, accredited warehouses, terminals, laboratories, transporters, and other participants.

TWO. CONTRACT TERMS AND CONDITIONS

- 2.1. The products to be supplied under the contract shall conform to the type, classification, and quality stated in the mining products to be traded on the Exchange approved by the government and shall adhere to quality standards specified in Mongolian standards in force at that time.
- 2.2. The quantity of the products included in the contract shall be the same as the quantity of the negotiated products.
- 2.3. The contract shall include the quality specifications submitted by the seller.
- 2.4. 1 lot of copper concentrate to be traded under the contract is 1000 tons (wet metric tons¹).
- 2.5. The price of the contract shall be in US dollars and determined in accordance with the "Rules for Trading and Conducting Settlement of Mining Products".
- 2.6. In the case of forward contracts, the price of the contract may be adjusted in accordance with the market conditions, and the conditions and calculation methods of the price adjustment shall be clearly stated.
- 2.7. When setting the contract price during the trading period, unless otherwise specified by the seller, the price is set by a tick of at least 5 US dollars per ton.
- 2.8. The amount of collateral of the contract shall be determined in accordance with the "Procedures for Trading and Conducting Settlement of Mining Products".
- 2.9. The term of the spot contract is up to 1 month, and the term of the forward contract is up to 12 months after the settlement.
- 2.10. The term of termination of the contract shall not exceed the term of delivery of the product.
- 2.11. The product delivery point is the "copper concentrate loading and unloading area" at the border port of the foreign country.
- 2.12. Delivery and receipt of products from the accredited warehouse and terminal to

¹ Wet weight at the time of shipment from the seller's warehouse

- the delivery point shall be carried out in accordance with these rules.
- 2.13. A product traded in a contract may be represented by a code.

THREE. TRANSPORT, STORAGE, QUALITY CONTROL, SETTLEMENT

Transport logistics

- 3.1. The accredited transport and logistics operator of the Exchange, which has entered into an agreement with the seller, shall deliver the product from the accredited warehouse and terminal to the delivery point.
- 3.2. Before product delivery, the seller is required to inform the accredited warehouse and terminal about the delivery vehicle number, planned route, product, quantity, and estimated arrival time, within 3 business days.
- 3.3. Unless otherwise stated in the contract with the buyer, the seller assumes the transportation risk until the product is delivered to the delivery point specified in the contract.
- 3.4. The transport logistics operator is responsible to the person who signed the transport contract.
- 3.5. In the event that the buyer chooses to receive delivery of the product without engaging the services of the accredited transport logistics operator of the Exchange, the delivery operation shall be deemed concluded at the commencement of the shipment.

Warehouse receipt, storage

- 3.6. Accredited warehouses and terminals are responsible for the quality, quantity, and safety of products until they are received and shipped.
- 3.7. The accredited warehouse terminal shall provide the following conditions in addition to complying with the storage conditions specified in relevant national standards when storing products:
 - 3.7.1. Establish a camera monitoring system;
 - 3.7.2. Have a product stack nameplate.
- 3.8. The accredited warehouse and terminal shall receive the product traded, both impending and completed, on the Exchange and fill out and submit attachment 1 /hereinafter referred to as "warehouse receipt"/ of these rules to the Exchange.
- 3.9. Accredited warehouses and terminals shall cooperate with accredited laboratories for sampling and testing. The seller or broker shall submit the results of the test to the Exchange.
- 3.10. When the seller submits the receipt of payment for the product to the Exchange in accordance with the contract with the buyer, the Exchange shall deliver the notice of receipt of the product to the buyer or the broker and the accredited warehouse and terminal.
- 3.11. The seller shall inform the accredited warehouse and terminal about the shipment from the warehouse and terminal 3 business days prior, and deliver information about the identity of the person receiving the product, the container, the vehicle, and the notification of product receipt to the accredited warehouse and terminal.
- 3.12. The accredited warehouse and terminal shall make the shipment of the product

- in accordance with the contract to the buyer along with the act and submit it to the Exchange with the results from the accredited laboratory.
- 3.13. The product to be traded by spot contract shall be delivered to and registered in the accredited warehouse and terminal at least 5 business days before the trading day.
 - 3.14. Accredited warehouses and terminals shall keep records of receipt and delivery of product, and the Exchange is responsible for reviewing the records and warehouse documents for monitoring and inspection purposes.
 - 3.15. The accredited warehouse and terminal are responsible for the accuracy of the warehouse receipt.

Settlement

- 3.16. In the event that the buyer does not receive the product within the specified time due to their own fault, they shall pay the warehouse and terminal fees. The warehouse fee shall be calculated as follows:
 - 3.16.1. Payment for the warehouse terminal under the conditions stated in the contract with the seller of the warehouse or terminal;
 - 3.16.2. After the buyer receives the product after the due date, according to the invoice amount of the warehouse or terminal.
- 3.17. In case of non-payment within the set time of the warehouse and terminal, the buyer shall be held responsible as stipulated in the Exchange's "Procedures for Trading and Conducting Settlement of Mining Products" and the contract with the buyer.
- 3.18. The seller is responsible for the quality analysis service for the product placed in the accredited warehouse and terminal.

Quality control

- 3.19. The seller shall conclude an agreement with the Exchange's accredited laboratory for quality testing of the product situated in the accredited warehouse and terminal.
- 3.20. The Geological Research and Analysis Center shall analyze at least 10 percent of the total analysis samples for the purpose of monitoring the analysis by the accredited laboratory and draw a conclusion.
- 3.21. The accredited laboratory shall gather samples from the products located in the accredited warehouse and terminal and analyze them according to the methods specified in the relevant standards of Mongolia.
- 3.22. Accredited warehouses and terminals shall accurately measure and verify the weight of the products when it is unloaded at the warehouses and terminals and shipped from the warehouses.
- 3.23. After the accredited laboratory completes the product quality analysis, the original copy of the analysis report shall be delivered to the warehouse and terminal, and a copy to the Exchange and the seller.
- 3.24. The analysis results sheet of the accredited laboratory shall include the sample information, test, standards used, parameters tested, acceptable amounts, units of measurement, and results.
- 3.25. The accredited warehouse and terminal shall deliver the test results of the

accredited laboratory to the buyer when the product is loaded from the warehouse and terminal.

- 3.26. In case of non-shipment from the warehouse or terminal due to a quality dispute, the buyer may postpone the shipment by notifying the accredited warehouse and terminal. In this case, the buyer shall submit a request for re-examination to the Exchange within 3 business days after receiving the product receipt notice from the Exchange. In the request for re-examination, the name of the warehouse and terminal, product location, quantity, quality parameters, contact address, and other necessary information shall be included and shall be confirmed by an official seal. The re-examination shall be performed by an accredited laboratory of the Exchange chosen by mutual agreement between the seller and the buyer, and the buyer shall be responsible for the payment.
- 3.27. If the buyer does not request re-examination in accordance with the rules within the specified period, the quality of the product loaded from the warehouse or terminal shall be deemed accepted.
- 3.28. If the results of the re-examination and the results of the initial analysis fall within the standard deviation set by the relevant standards approved by the Mongolian Agency for Standard Metrology, the product is considered to meet the quality requirements stated in the contract.
- 3.29. If there is a difference between the two results, and the difference exceeds the range of standard deviation, it shall be regulated by the export contract or purchase and sale agreement concluded between the seller and the buyer.

FOUR. MISCELLANEOUS

- 4.1. The seller and buyer shall include the conditions of the transaction made in the system stated in Article 2 of these rules in their export contract and other conditions shall be determined by mutual agreement in accordance with the relevant laws and regulations.
- 4.2. Any disputes related to the implementation of these rules and the contract shall be resolved by arbitration under the Mongolian Chamber of Commerce and Industry.

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Warehouse receipt

No

Year 20
month date

- 1. Product**
 - 1.1 Product name
 - 1.2 Product code
 - 1.3 Quantity (Tonn)
 - 1.4 Storage warehouse, terminal number
- 2. Customer**
 - 2.1. Seller
 - 2.2. Register
 - 2.3. Broker company's name
 - 2.4. Broker's name
 - 2.5. Carrier information
 - 2.6. Buyer's name if available
- 3. Warehouse**
 - 3.1 Name
 - 3.2 Phone
 - 3.3 Warehouse number
